November 14, 2016

Written *Ex Parte* Presentation

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: Connect America Fund – WC Docket No. 10-90

Dear Ms. Dortch:

Project Mutual Telephone Company (PMT) files this letter to express its thoughts regarding how the FCC should address rate-of-return carriers' election of Alternative Connect America Cost Model (A-CAM) support, which would produce support and transition payments that significantly exceed the Commission's overall 10-year budget for carriers electing the model path.[1]

PMT is a rate-of-return regulated cooperative headquartered in Rupert, Idaho and serves approximately 4,000 customers with high-quality broadband, voice and video services. PMT elected ACAM as it provides an excellent vehicle to improve customer experience with true high speed broadband in our more rural and underserved areas. PMT believes ACAM is a more efficient model that will allow us to construct fiber and other high speed broadband solutions versus traditional legacy support mechanisms.

PMT recommends that any measure(s) the FCC takes to address the high level of interest in A-CAM should adhere to the following principles:

1. *Any reduction in a carrier's offer of model-based support must be accompanied with an appropriately calculated reduction in broadband deployment obligations.* This includes a reduced number of locations for which there is a defined deployment obligation and/or reduced minimum speed requirements for such deployments.

[1] *See, Wireline Competition Bureau Announces Results of Rate-of-Return Carriers That Accepted Offer of Model Support*, WC Docket No. 10-90, Public Notice, DA 16-1246 (WCB rel. Nov. 2, 2016).

2. *High-cost Universal Service Fund (USF) support for rate-of-return carriers should be fully funded, both for carriers electing A-CAM and those opting to remain on the reformed legacy mechanisms.* Absent full funding, rate-of-return carriers will be increasingly challenged in their ability to: (1) continue deploying and upgrading broadband service throughout their territories; (2) provide service at affordable and "reasonably comparable" rates (standalone broadband in particular); (3) maintain their networks; and (4) repay infrastructure loans. These outcomes are antithetical to the Commission's objectives for modernization of the high-cost USF program for rate-of-return carriers.

3. *If high-cost USF support for rate-of-return carriers cannot be fully funded, then the FCC should allocate the proposed additional $50 million from the CAF reserve account to the A-CAM budget.*[2] Doing so will provide additional incentive for carriers that elected A-CAM to accept any revised offer they may receive. It will also result in greater broadband deployment, faster speeds, and more affordable rates in the areas served by these carriers.

4. *Any measure(s) the FCC adopts to address the A-CAM budget shortfall should seek to maintain A-CAM eligibility for as many carriers as possible that initially elected model-based support.* Carriers that accepted the A-CAM support offer expended significant time and effort to determine whether and how model-based support would be beneficial for their rural customers and communities. Therefore, they should be given every opportunity to continue to elect A-CAM support.

Respectfully Submitted,

Dan Hoover
President & CEO

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[2] *Connect America Fund et al.*, Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, WC Docket No. 10-90 et al., DA 16-661 (rel. Jun. 15, 2016), para. 62.